

## CHAPTER 7 - CHECKS, CHARGES AND RECEIPTS

### A. REPLACEMENT CHECKS

1. Contract Purchaser. In cases where the bid deposit exceeds the award by \$1,000 and uncertified personal or company checks (accompanied by an acceptable security) were submitted as payment, contact the successful bidder to determine if he desires to immediately forward a replacement check for the exact amount due as bid deposit.

2. Replacement Checks. Prepare a manual DD Form 1131 for deposit of the replacement check. Proceed with normal procedures for processing collection vouchers.

### B. STALE DATED AND OTHER SUSPECTED CHECKS

1. Stale. Personal and/or company checks dated more than 6 months prior to date received may be dishonored by the banking industry as being "stale". DFAS-CO will forward the cancelled check back to the original receiving activity for return to the contractor.

2. Invalid. If, based upon past experience, the SCO has reason to believe that a check may have been written on a nonexistent account and/or otherwise invalid for other than insufficient funds, the matter should be referred to the security office. This referral will be accompanied by a request for the initiation of an administrative inquiry to determine the validity of the check.

3. Reject as Nonresponsive

a. If it is found that as of the time of bid opening, the account was nonexistent or that a stop payment order had been placed on the check, the bid should be rejected as nonresponsive. In cases of Not Sufficient Funds (NSF) as of the time of bid opening, the SCO should contact assigned counsel.

b. The closing of an account or the placing of a "stop payment" order on a check after bid opening will not render a bid nonresponsive.

### C. ACCEPTANCE OF PERSONAL OR COMPANY CHECKS

1. Bidders whose bid is supported by an irrevocable letter of credit may submit personal or company checks for bid deposit or total contract price up to the maximum amount of the letter of credit.

2. Bidders whose bid is supported by an annual or individual bid bond may submit personal or company checks for bid deposit or payment up to the amount equal to the penal sum of the bond. Amounts due over the penal sum of the bond or maximum amount of the letter of credit must be submitted in a guaranteed form as specified in the article of sale.

3. Deposit and apply personal and/or company checks provided in support of irrevocable letters of credit or bid bonds to the total contract price.

### D. MISCELLANEOUS CHARGES AND RECEIPTS

1. User Charges. This paragraph supplements DoD 7000.14-R, Chapter 4, 31 U.S.C. 9701, and OMB Circular A-25.

2. Requests for Sales Records. Process all requests for sales records under DoD 7000.14-R. Put all requests for these services (including in-person requests) in writing (see Supplement 4 for list of fees). The DRMO Chief will designate a person or alternate(s) to handle these special service requests requiring a charge. Maintain a file of these requests in accordance with File Maintenance and Disposition guidance for Freedom of Information Requests and entitled "Request for Records." In addition, a Request for Records Charges financial file will be established and maintained by the cashier, by FY, for the collection vouchers. The cashier will prepare a DD Form 1131, for deposit to the Miscellaneous Receipts, U.S. Treasury, **Account 97R3210.0004**

## **DRMS-I 4160.14, Volume VI, Chapter 7**

**S033181 APC: 00CPX0** pursuant to the Freedom of Information Act, for money received. One copy of the DD Form 1131 will be retained by the cashier, as a suspense, pending receipt of the vouchered DD Form 1131 from DFAS-CO-FPDRC, and one copy will be forwarded to the designee. Upon receipt of the vouchered copy from DFAS-CO-FPDRC, the Sales Office cashier will forward a copy to the designee(s) for attachment to the request. Receipt of the vouchered DD Form 1131 will serve as acknowledgment for payment and deposit of the charge.

3. Funds Received for Publications. Occasionally, individuals or companies will enclose money when requesting publications such as the "How to Buy" pamphlet. Although these pamphlets, individually, are furnished free, retain and account for funds received in connection with these requests the same as the Request for Records charges. Retain and number the vouchers in sequence with the Request for Records charge vouchers. Deposit the funds with the daily deposit to the TGA account. Forward DD Form 1131 to DFAS-CO-FPDRC for deposit to the general fund (Miscellaneous Receipts) of the treasury **Account 97R3210.0004 S033181 APC: 00CPX0**.

4. Debt Collection. Retain and number collection vouchers prepared in connection with voluntary debt payments received from debtors after the Financial Folder has been closed out in sequence in the Request for Records charges file (see Chapter 8).

## **E. COLLECTION RECEIPT**

1. DRMS Form 51 (see Supplement 4 for a sample DRMS Form 51) is authorized for use in issuing receipts to purchasers in person for cash or negotiable instruments when required. Collection Receipt form is not required in those instances where receipt is acknowledged on DRMS Form 1427 or for receipts other than cash, unless a receipt is requested in person by a purchaser or his agent for a negotiable instrument.

2. Explanation and Use. Prepare DRMS Form 51 in carbon interleaved sets of three. Separate and use individually for collection receipts. Its main use is for Spot Bid and Auction Sales where issue of numerous receipts is necessary. In this case, one copy of the form can be completed before the sale with static information, e.g., IFB number (first portion of contract number), date and sales office. This copy may be reproduced, assembled with carbon and duplicate, stapled and ready for use at the sale site by completion of dollar amount received, bidder number to complete contract number, cashier signature and annotating cash and/or other block (if required or desirable).

## **F. DISHONORED CHECK REPORT**

### **1. Dishonored Checks or Credit Card**

a. Process credit card transactions declined by the bank the same as a dishonored check. Annotate the date and time to the right of the decline message that appears on the Error Transaction Review report for credit card transactions for that given day. The report is then filed in accordance with paragraph F3 below.

b. Return bid deposits or payment not honored by the bank upon which it was drawn to the SCO for collection. SCOs will immediately initiate action to collect amounts due from the issuer of the deposit bond or letter of credit by letter, personal contact, telephone or facsimile after the check is received or when advised that it has been dishonored.

c. In those instances where a check has been returned and the bidder has an irrevocable commercial letter of credit, the SCO should contact assigned counsel for guidance, on a case-by-case basis, to determine if a dishonored check report should be submitted. SCOs will immediately initiate collection action and put the surety on notice by the same means.

d. If the bidder indicates that the dishonored check was due to a bank error, he should contact his bank to forward a letter to the SCO stating the error. If the purchaser advises that the bank is reluctant to admit the error in writing, (s)he should be advised to have a bank official call the SCO. Telephone confirmation by the bank official may then be considered adequate. The SCO will prepare a memorandum for record of the conversation, the name of the bank personnel who made the call, the phone number and identity of the bank. In the event the SCO has reason to believe that the person who made the call is not a representative of the bank,

a call will be made to the bank to confirm that the person is actually a bank employee. If the dishonored check was not due to a bank error, refer to paragraph F2 below for further guidance.

2. Report. Within 3 workdays after receipt of a dishonored check, SCO will prepare a Dishonored Check Report in duplicate. All dishonored checks will be reproduced (front and back of check). One copy of the dishonored check report with the attached copy of the check will be placed in the contract file. The original will be forwarded **to DRMS-R**. If the check is redeemed prior to the submission of the report or there is no further follow-up action required, prepare only one copy for the sales files. If the check has not been redeemed within 30 days from the date of Dishonored Check Report and follow-up action is required, prepare two copies and use one copy as backup to the debt transfer report forwarded **to DRMS-R**. Particular attention should be given to details concerning background information and circumstances surrounding the dishonored check. Specific information contained in the Dishonored check report will include:

- collection action taken or attempted by SCO
- contacts made with bidder
- those instances where a refund was made against a dishonored check
- previous favorable or unfavorable dealings with the bidder
- known connections between the bidder and other firms and/or individuals
- bank errors or other mitigating circumstances furnished by the bidder in connection with the dishonored check
- any other appropriate information concerning the dishonored check.

3. File Instructions. Dishonored Check Report files will contain copies of pending or completed dishonored check reports. Do not file duplicate reports in the contract files. The reference file number and retention period will be in accordance with file maintenance and disposition guidance. Process debts resulting from unredeemed dishonored checks according to instructions in Chapter 8 and the Contractor Debts guidance (updated March 14, 2000).